[23rd March 1948

" (*d*) The contract system of labour in the Public Works Department Workshop, Madras is now confined to the Foundry, Pattern and Instrument shops, Safe and lock section and the Wooden shutters section and the Carpentry section. The question whether the contract system of labour should be abolished in any of the branches and if not, whether it should be made obligatory for contractors to ensure certain conditions of service to the workers under them is separately under consideration.

" (*e*) This will be examined on receipt of certain further particulars called for from the Chief Engineer.

*Co-operative building societies in villages.*

* 52 *Q*.—Sri P. VEERABHADRASWAMI : Will the Hon. the Minister for Prohibition be pleased to state—

(*a*) whether the Government have formulated any scheme for building houses in villages where the huts are frequently destroyed by fires; and

(*b*) whether the Government propose to start co-operative building societies in villages?

The Hon. Mr. DANIEL THOMAS :—" (*a*) No schemes have been drawn up for building houses in villages where huts are frequently destroyed by fire. But a Co-operative House Building Society has been registered near Tenali in Guntur district where the huts of the local weavers were destroyed by fire accidents in 1945.

"(*b*) Building societies have been started in villages also and no discrimination is shown in the matter of organization of such societies between urban and rural areas, the only consideration being that the requisite conditions for the registration of societies should be forthcoming. The Government have also recently called for proposals for starting housing schemes in rural areas."

*Smuggling of papers of Andhra Paper Mills, Rajahmundry.*

* 53 *Q*.—Sri D. KRISHNAMURTHI : Will the Hon. the Minister for Industries be pleased to state—

(*a*) (1) whether it is a fact that one Mr. G. Sriramulu of Cocanada gave a report to the Collector, East Godavari, on 19th February 1944 through the Commercial Tax Officer, Cocanada, at Rajahmundry Camp, about smuggling of paper of Andhra Paper Mills, Rajahmundry, by country boats in the river Godavari intended to reach Madras for sale in the black-market;

(2) whether it is a fact that an enquiry was made by the Inspector of Civil Supplies on the report of the said G. Sriramulu;

(3) whether the Inspector of Civil Supplies sent a report and, if so, what were his recommendations;

23rd March 1948]

(4) whether it is a fact that two officers, M. T. Raju, Esq., I.C.S., Sub-Collector, Rajahmundry, and N. S. Arunachalam, Esq., I.C.S., Deputy Commissioner of Civil Supplies, Madras, made thorough enquiries and, if so, what were their recommendations;

(5) whether the Government have taken any decision thereon and if they propose to take any action;

(*b*) whether the Government will be pleased to place on the table the following papers :—

(1) Report of Mr. Gundu Sriramulu, dated 19th February 1944, informing of the smuggling of paper in boats in Godavari river;

(2) report of the Inspector of Civil Supplies, Cocanada, dated 25th February 1944, in connexion with the said investigation submitted to higher authorities and the file of the said Inspector of Civil Supplies referring to the above enquiry;

(3) the reports submitted by M. T. Raju, Esq., I.C.S., and N. S. Arunachalam, Esq., I.C.S., after elaborate enquiries;

(4) G.O. Ms. No. 2640, Development, dated 16th June 1944, appointing the Controller and his file containing the reports submitted by him to the Government from time to time;

(5) report of Deputy Paper Controller, Mir Baquir Ali, Esq., B.A., B.L., in about July 1947; and

(6) report of the Collector, East Godavari, to the Board of Revenue, under his No. 6-4020/45, dated 27th January 1945?

THE HON. SRI H. SITARAMA REDDI :—" (*a*) (1) Sri G. Sriramulu of Cocanada did not give any written report to the Collector of East Godavari. When the Commercial Tax Officer, Cocanada, was camping at Rajahmundry on 19th February 1944, Sri G. Sriramulu gave him the information regarding the alleged smuggling of paper to Madras by the Andhra Paper Mills, Rajahmundry. The Commercial Tax Officer recorded a statement and submitted a report to the Collector of East Godavari.

(2) Yes, Sir.

(3) The Inspector of Civil Supplies sent a report to the Deputy Controller-General of Civil Supplies, Bombay, on 25th February 1944 in which he asked for permission to launch a prosecution against the General Manager of the mills under the Hoarding and Profiteering Prevention Ordinance, 1943, or, in the alternative, to transfer the case to the Police for criminal breach of trust and manipulation of accounts.

(4) Yes, Sir. The Sub-Collector, Rajahmundry, recommended that the offence involved was one of falsification of accounts under Section 177, I.P.C., by the General Manager, the Andhra Paper Mills. The recommendation of the Deputy Commissioner of Civil Supplies was that the Controller of Stationery and Printing might be consulted

[23rd March 1948

and action taken against the mills for failure to report the actual production and also for contravening the orders prohibiting them to sell paper in quantities exceeding 30 per cent of that produced during the preceding month.

(5) The Government thoroughly investigated the case. As the evidence was not sufficient to proceed against the mills, the matter was dropped. The Government, however, considered that it was necessary to exercise control over the activities of the mills in order to ensure that the paper manufactured by the mills was actually brought to account and equitably distributed and they, accordingly, appointed an Authorized Controller for the purpose in June 1944. The post of the Authorized Controller was continued till 30th September 1947 when it was abolished consequent on the closure of the mills.

"(*b*) (1) *to* (6) A copy[a] of G.O. Ms. No. 2640, dated 16th June 1944, is placed on the table. The other documents are confidential."

Sri D. KRISHNAMURTHI :—" May I know if the Government have consulted their Legal Advisers regarding the fact that there was no actionable case against the Andhra Paper Mills?"

The Hon. Sri H. SITARAMA REDDI :—" I find from the reports that the matter was gone into in detail and certain accounts were checked, and the information given by the General Manager was also checked with the records and it was found, after thorough examination, that there was not enough material to launch a prosecution against the company."

Sri D. KRISHNAMURTHI :—" Sir, my question was, whether the Government consulted their Legal Advisers and whether there was any criminal offence in the present case."

The Hon. Sri H. SITARAMA REDDI :—" There was no need to consult the legal officers in the matter, Sir. All facts have to be ascertained before we go to our Legal Adviser in the matter. All facts have been ascertained, but unless we have facts to prove the case, there is no point in consulting our Legal Adviser."

Sri D. KRISHNAMURTHI :—" May I know if the property was seized from the company?"

The Hon. Sri H. SITARAMA REDDI :—" I have already said, that the property was seized and the Paper Production Commissioner of the Government of India was consulted regarding the action to be taken, but it was reported that under certain rules, as they were then in force no action could be taken."

---

[a] Printed as Appendix II on pages 100–101 infra.

23rd March 1948]

SRI D. KRISHNAMURTHI :—" May I know that action was dropped, because the Government of India were not in favour of prosecution? "

THE HON. SRI H. SITARAMA REDDI :—" The Government of Madras and the Government of India were both anxious to do something in the matter, but they could not do anything, because of certain rules that were in force at that time."

SRI D. KRISHNAMURTHI :—" Sir, since smuggling and blackmarketing are not compoundable offences, why did not the Government take action to consult Legal Advisers in the matter? "

THE HON. SRI H. SITARAMA REDDI :—" Blackmarketing can arise only when there is a case of particular production, which has not been properly accounted for. But here, there is only a movement of goods. The mere fact that a particular quantity has moved from one place to another does not constitute blackmarketing, and hence no prosecution could be launched."

SRI D. KRISHNAMURTHI :—" Sir, where was the property actually seized? My information is that the Sub-Inspector handed it back again from where it was taken. May I know, why was it seized and why was it returned back? "

THE HON. SRI H. SITARAMA REDDI :—" In several cases, properties might have to be seized, but when there was no case, the property should be returned. That is what might have happened in this case also."

SRI D. KRISHNAMURTHI :—" Even if the property was handed over under certain provision, why was no prosecution launched against the proprietor of the company? "

THE HON. SRI H. SITARAMA REDDI :—" I have no more information than what I have already given, Sir."

SRI D. KRISHNAMURTHI :—" Have the Government proposed to drop the matter at this stage? "

THE HON. SRI H. SITARAMA REDDI :—" They have already dropped the matter, Sir."

*Western India Match Factory.*

* 54 *Q.*—SRI H. M. JAGANNATHAM (on behalf of Sri P. R. K. Sarma): Will the Hon. the Minister for Industries be pleased to state—

(*a*) what the report of the Industrial Tribunal, Madras, is in the dispute between the Western India Match Factory Workers' Union and the Western India Match Company; and

(*b*) whether the report contains any recommendations to the Government for legislation and action against the employer and what action the Government propose to take in the matter?